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1. Since most rural native money lenders and bankers were Hindus, there are not many left in Pakistan today [April 1954]. Those who are left usually confine their loans to non-productive uses among the rural population such as the support of big celebrations and weddings. They account for only about five per cent of the total Pakistan agricultural loans.
2. The rates of interest charged by the rural money lenders vary but all are exorbitant, in the order of 25 to 50 per cent. These high rates are possible because of the natives emotional demands for large traditional celebrations despite their ignorance about financial matters. Many natives therefore have very high accumulated debts.
3. There are two possible types of central banking loans in Pakistan--from the postal savings banks or from the cooperative societies. The postal banks are chiefly savings centers, however, and make very few private loans. The cooperative societies make private loans but chiefly in the cities where activities are more profitable and collateral is more available and better. This situation naturally presents a barrier to the needed financing of agriculture.
4. Foreign private investment in Pakistan comes mostly from British sources and is chiefly in commercial enterprises. I believe Pakistan's undeveloped natural resources are a potential inducement to foreign investment interested in extractive industries. I have recently read that Pakistan has granted certain concessions to US firms for this purpose. As far as I know there is no private Pakistan investment

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abroad. The only investment which could be so considered is the branch offices or agencies Pakistan commercial firms have established and maintain in other countries.

5. There are two major weaknesses in Pakistan's economic structure. The first is the absence of any institution which will make short term agricultural loans since there is little or no collateral to support them. Secondly, there are no industrial banks to grant long term loans to Pakistan's industry. However, I feel that when more compulsory insurance schemes, such as social security, are introduced and in operation then a substantial part of the funds collected may be put into the country's agricultural and industrial development.

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